

Guidelines for Submission of Income Tax Proofs FY 2016-17



By Team Payroll

Income Tax rate for FY 2016-17

Income Level	Income Tax Rate
Where the total income does not exceeds Rs.250,000/-	NIL
Where the income exceeds Rs.250,000/-but does not exceeds Rs.5,00,000/-	10% of the amount by which the total income exceeds Rs.2,50,000/-
Where the income exceeds Rs.5,00,000/-but does not exceeds Rs.10,00,000/-	Rs.25,000 + 20% of the amount by which the total income exceeds Rs.5,00,000/-
Where the income exceeds Rs.10,00,000/-	Rs.1,25,000 + 30% of the amount by which the Total Income exceeds Rs.10,00,000/-

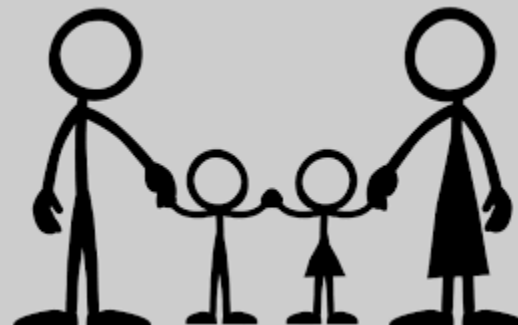
Tax credit of Rs.5,000 for income up to Rs. 5 lakhs u/s 87A

Exemption towards re-imburement of medical expenses

The reimbursement by employer of actual expenditure incurred by an employee for Medical treatment of himself or any of his dependent family members is exempt subject to a maximum ceiling of Rs.15,000/-p.a.

“Family” in relation to an employee means :

- Spouse and children of the employee
- Parents, brothers and sisters of the employee who are wholly or mainly dependent on him
- Bills in original for the current financial year is to submitted



Exemption towards House Rent Allowance

An employee is entitled to claim the exemption towards HRA U/s.10(13A) when all the following conditions are fulfilled:

1. The allowance from the employer must be specific to meet expenditure on payment of rent.
2. The residential accommodation occupied by the employee is not owned by him.
3. The actual payment of rent should exceed 10% of his salary.
4. Receipt can be for a particular month or for a whole quarter/Copy of Rental Agreement.
5. Name of landlord and address of rented property is mandatory on rent receipt.
6. Only Rent amount will be eligible for exemption purpose. (Other incidental expenses like Electricity / Water / maintenance are not allowed).
7. Rent paid only for the current financial year will be considered for HRA exemption (April'16–March'17).
8. If annual rent paid by the employee exceeds Rs.1,00,000 per annum (Rs.8,333 PM), it is mandatory for the employee to report PAN of the landlord to the employer



Deduction Under Section 80

Section	Particulars	Available Limits
80C	Public Provident Fund, 5 Year Bank Fixed Deposits, ELSS Mutual Fund, National Savings Certificate, National Pension Scheme, Insurance Premium, NABARD Bonds, Housing Loan Principal Repayment, Payment of Tuition fees for Children, Sukanya Samriddhi Account Scheme etc.	Rs. 150,000
80CCD(1B)	Employee Contribution towards National Pension Scheme (NPS) which is over and above of the Maximum Limit of Rs.1,50,000/- U/s 80C.	Rs. 50,000/-**
80E	Interest on Loan taken for Higher Education	Actual Interest paid during the year

Deduction Under Section 80 (Contd.)

Section	Particulars	Available Limits
80D	Payment of Medical Insurance Premium <ul style="list-style-type: none"> Rs. 25,000 on Self, Spouse & Dependent Children Rs.25000 on Parents attained age of 60 Yrs & Below / Rs.30,000 on Parents are Above 60 Yrs. (Sr.Citizen) 	Rs.50,000 / Rs.55,000
80DD	<p>Medical treatment for dependent Handicap (If Disability is more than 40% but less than 80%) -Max Limit -75,000 .</p> <ul style="list-style-type: none"> Medical treatment for dependent Handicap (If Disability is more than or equal to 80%) -Max Limit -1,25,000 Dependent can be parents, spouse, children or siblings. Also the dependent should not have claimed any deduction for self 40% or more. Individuals would need disability certificate issued by state or central government medical board to claim deduction Any expenditure for Medical, Nursing & Rehabilitation incurred on dependent suffering from permanent disability including blindness, mental retardation, autism, cerebral palsy or multiple disabilities 	Rs.75,000 / Rs.1,25,000

Deduction Under Section 80 (Contd.)

Section	Particulars	Available Limits
80DDB	(a) Actual expenditure incurred on Medical treatment of Self or dependent or a member of HUF suffering from terminal diseases like Cancer, AIDS, Renal failure etc	Rs.40,000
	(b) For Senior Citizens(self or dependent on whom expenditure on medical treatment is taken)	Rs.60,000
	(c) For Super Senior Citizens	Rs.80,000
80U	Deduction in case of person with a disability.	
	(a) If disability is > 40% but < 80%	Rs. 75,000
	(b) If disability is more than or equal to 80%	Rs.125,000

Deduction Under Section 80 (Contd.)

Section	Particulars	Available Limits
80CCG	<p>Rajiv Gandhi Equity Savings Scheme</p> <ul style="list-style-type: none"> • The maximum Investment permissible under the Scheme is Rs. 50,000/- and the investor would get a 50% deduction of the amount invested from the taxable income for that year. • Employee's annual Gross Salary should be \leq 12 Lakh • The assessee must be an individual new retail investor • The Investment in equity shares is locked for three years from the date of acquisition. If person sells the share before completion of three years then exempted amount in earlier year will be treated as Income in current financial year. <p>Copy New retail investor certificate received through DP (Depository Participant)</p>	Rs.25,000/-

Interest on House Property

Section	Particulars	Available Limits
24 (b)	Home loan interest paid during financial year is eligible for deduction. In case of rented property, there is no maximum limit and entire Interest amount paid can be taken as benefit. For Self Occupied Property maximum limit is Rs.200,000/-	Rs. 200,000/-
80EE	Section 80EE which provides for additional Deduction of Rs. 50,000/- for Interest on Home Loan. This incentive would be over and above the tax deduction of Rs. 2,00,000/- under Section 24 and Rs. 1,50,000/- under Section 80C	Rs. 50,000/-

Notes-Chapter VIA Deductions U/S 80C

Investment	Instructions
Life Insurance Premium	<ul style="list-style-type: none"> Life Insurance Premium paid for self, spouse & children for current year will be eligible for deduction. Incase your premium due date falls after the cut-off date of proof submission - please pay your premium in advance or submit copy of the premium paid in last financial year (2015-16) with a declaration that you will deposit & submit the same in current financial year. If we do not receive the said LIP Receipt till Cut-off date of Mar'17, we will remove the benefit & TDS will deduct from your Mar'17 Salary. Late payment fees charged will not be considered as premium paid. Maximum benefit can be allowed for 10% of sum assured value where policy starts after 1st Apr 2012. In case of Disabled person (claiming benefit U/s 80U) - maximum benefit can be allowed for 15% of sum assured – Insurance should be in the name of the disabled person For Joint policy – please self-attest the documents to get the benefit. <p>Copy of all premium receipts issued by the Insurance Company to be produced as proof of premium paid.</p>

Notes-Chapter VIA Deductions U/S 80C (Contd.)

Investment	Instructions
PPF	<ul style="list-style-type: none"> Amount deposited by an individual in his own account or in the account of his/her minor child. Individual can submit and get the benefit up to Rs. 1,50,000/- <p>Copy of stamped challan & PPF passbook to be produced as proof of payment.</p>
NSC	<ul style="list-style-type: none"> Certificate can be in the name of individual, spouse, & children. <p>Copy of Receipts / Statement to be attached as the proof of payment.</p>
Sukanya Samriddhi Account Scheme	<ul style="list-style-type: none"> The investments made in the Scheme will be eligible for deduction under section 80C to the extent of 1.5 Lakh. Parents and Legal Guardian can open accounts in the name of maximum two girls. <p>Copy of Receipts / Statement to be attached as the proof of payment.</p>

Notes-Chapter VIA Deductions U/S 80C (Contd.)

Investment	Instructions
Children Education Fees (Tuition Fees)	<ul style="list-style-type: none"> Tuition fees paid for the financial year 2016-17 for the purpose of full time education with any university, college, school and other educational institute in India (i.e., Apr'16–Mar'17) will be considered for deduction. Donations, computer fee, School Van charges etc. will not be allowed. Tuition fees paid in respect of a maximum of two children are allowed. <p>Tuition fees paid supported by copy of receipts issued by the school, college, university or educational institution to be produced as proof of payment.</p>
ULIP	<ul style="list-style-type: none"> Policy can be in the name of individual, spouse & children. <p>Copy of Receipts / Statement to be attached as the proof of payment.</p>

Notes-Chapter VIA Deductions U/S 80C (Contd.)

Investment	Instructions
ELSS / Notified Mutual Funds	<ul style="list-style-type: none"> It should be in the name of employee. In case investment is done through SIP (Systematic investment Plan) the statement for such investment from the Bank or Mutual fund will be taken as proof. Statement of the Fund should state that investment in the respective scheme is eligible for deduction U/S 80C <p>Copy of Receipts / Statement to be attached as the proof of payment.</p>
**National Pension Scheme (NPS) U/S 80CCD(1B)	<ul style="list-style-type: none"> Rs.50,000/- is allowed as deduction u/s 80CCD(1B) for employee contribution towards NPS which is over and above u/s 80C. <p>Copy of transaction statement or Account statement as a proof of payment.</p>

Notes-Chapter VIA Deductions U/S 80C (Contd.)

Investment	Instructions
Repayment of Housing Loan Principal Amount/Stamp Duty/Registration fee for transfer of property	<ul style="list-style-type: none"> The loan should have been taken on or after 01-Apr-1999. The said loan should have been used only for acquiring or constructing the property. Acquisition or construction of the property should be within 3 years of date of availing loan. Certificate from bank should specifically state the details of the property financed. Loan is not taken for repairs/renewals of the property. Minimum period of holding should be 5 years <p>Certificate with proper breakup of principal and interest from Financial Institution from where the loan borrowed is required for FY 2016-17.</p> <p>In case loan is in Joint name – needs to fill up <u>“Joint Declaration for availing benefit of House Loan (16-17).doc”</u> as attached.</p> <p>For let out property please fill up <u>“Format for Let out property.xls”</u> as attached.</p> <p>In case employee wants to avail both HRA and Housing loan Interest benefit – please fill up <u>“Certificate for taking dual benefit of House Rent and Loan on House Property (16-17).doc”</u> as attached.</p>

Notes-Chapter VIA Deductions U/S 80C (Contd.)

Investment	Instructions
80CCC (Pension Policy)	<ul style="list-style-type: none"> Late payment fees will not be considered as premium paid. Policy should be in the name of individual. <p>Copy of receipt issued by the Insurance Company to be produced as proof of payment.</p>
5 year Post Office Time Deposits and Senior Citizen Scheme	<ul style="list-style-type: none"> Time deposit should be in the name of individual. Period of deposits should not be less than five years <p>Copy of Receipts / Statement to be attached as the proof of payment.</p>
Fixed Deposit in a Scheduled Bank	<ul style="list-style-type: none"> Term deposits for a minimum period of 5 years with a scheduled bank are eligible for deduction. <p>Copy of the Receipt/certificate issued by the scheduled bank. (The deposit should be in the name of employee)</p>

Notes-Chapter VIA Deductions other than U/S 80C

Investment	Instructions
80D Mediclaim Insurance Premium	<ul style="list-style-type: none"> Mediclaim is admissible for Self, Spouse and Children—Upto Rs. 25000/-.(Inclusive- Preventive Health checkup upto Rs. 5000/-) For Parents (if not senior citizen) – Upto Rs. 25000/- Parents (if senior citizen) – Upto Rs. 30000/- Medical Expenses for Super Senior Citizens up to Rs 30,000/-: Individuals who are more than 80 years old shall be allowed a deduction for medical expenses of up to Rs 30,000 from their total income. Premium should not be paid by cash. <p>Copy of receipt issued by the Insurance Company to be submitted. For health checkup original bills are required to get the benefit.</p>

Notes-Chapter VIA Deductions other than U/S 80C (Contd.)

Investment	Instructions
80DD Expenditure incurred on Medical Treatment of Handicapped Dependents.	<ul style="list-style-type: none"> Medical treatment for handicapped dependent - If Disability is more than 40% but less than 80% - Fixed deduction of Rs 75,000/- Medical treatment for handicapped dependent - If Disability is more than or equal to 80% -Fixed deduction of Rs. 1,25,000/- <p>Copy of certificate as per format 10IA (attached) issued by the competent medical authority in a Government Hospital, with a self-declaration, certifying the % of disability of handicapped dependent.</p>
80U Deduction in case of person with a disability.	<ul style="list-style-type: none"> Permanent Physical disability of self (If Disability is more than 40% but less than 80%) - Fixed amount of Rs.75,000/- Permanent Physical disability of self (If Disability is more than or equal to 80%) -Fixed amount of Rs.1,25,000/- <p>Copy of certificate as per format 10IA (attached) issued by the competent medical authority in a Government Hospital, with a self-declaration, certifying the % of disability of handicapped dependent.</p>

Notes-Chapter VIA Deductions other than U/S 80C (Contd.)

Investment	Instructions
80DDB Medical Treatment for specified illness/diseases	<ul style="list-style-type: none"> Deduction on medical treatment for Self or dependents of specified illness / disease is upto Rs.60,000/- for general category and Rs.80,000 /-only for Super Senior Citizen whose age is more than 80 years and there is no change in existing limit of individual other than senior citizen including super senior citizen and senior citizen of ` Rs.40,000 /-and RS.60,000/- respectively in case of senior citizen. Actual amount spent on the treatment or limit as mentioned in above point – whichever is less will be eligible for deduction. <p>Employee will be required to obtain a prescription from a specialist doctor for the purpose of availing this deduction.</p>

Notes-Chapter VIA Deductions other than U/S 80C (Contd.)

Investment	Instructions
80CCG(Rajiv Gandhi Equity Saving Scheme)	<ul style="list-style-type: none"> The maximum Investment permissible under the Scheme is Rs.50,000 /- and the investor would get a 50% deduction of the amount invested from the taxable income for that year Employee's annual Gross Salary should be \leq 12 Lakh The assessee must be an individual new retail investor The Investment in equity shares is locked for three years from the date of acquisition. If person sells the share before completion of three years then exempted amount in earlier year will be treated as Income in current financial year. <p>Copy New retail investor certificate <u>received through DP (Depository Participant)</u></p> <p>Copy of Annual Account Statement <u>received through DP. (Depository Participant)</u></p>

Notes-Chapter VIA Deductions other than U/S 80C (Contd.)

Investment	Instructions
80E (Loan Taken for Higher Education)	<ul style="list-style-type: none"> • Repayment of interest on educational loan taken for higher education of Self, spouse or children • The course should be fulltime higher education or vocational course. • Loans availed only from Bank or Financial Institution is eligible for deduction. • Only interest is allowed as deduction. Repayment of principal is not allowed. • The deduction is allowed till 8 years from repayment start date. <p>Copy of certificate from the Bank/ Financial Institution certifying that the loan is an Educational loan.</p>

Notes-Interest on Housing Loan/Income from House Property

Investment	Instructions
Interest on Housing Loan U/s 24(b)	<ul style="list-style-type: none"> Interest on housing loan will be allowed as deduction to the maximum extent of Rs. 200,000/- for self-occupied The loan should have been taken on or after 01.04.1999. If the loan is taken before 01-Apr-1999 – maximum deduction will be Rs 30,000/-. The said loan should have been used only for acquiring or constructing the property. Acquisition / Possession of the property should be within 3 years from the end of financial year in which capital was borrowed (for pre-EMI interest calculation). Certificate from bank should specifically state the details of the property financed. Possession of the property is mandatory to get the benefit Employee can submit the copy of electricity / Society Maintenance receipt / house tax receipt / water bill as proof of possession. Employee should be the owner /co-owner of the property. In case Rented accommodation and self owned house property (on which loan taken) are under same city, then HRA exemption will not be available.

Notes-Interest on Housing Loan/Income from House Property(Contd.)

Investment	Instructions
Income Tax Benefit on Interest on Home Loan [First Time Buyers]U/s 80EE	<ul style="list-style-type: none"> • Section 80EE which provides for additional Deduction of Rs. 50,000/- for Interest on Home Loan. This incentive would be over and above the tax deduction of Rs. 2,00,000/- under Section 24 and Rs. 1,50,000/- under Section 80C. • The deduction would be allowed only if the value of the property purchased is less than Rs. 50 Lakhs and the value of loan taken is less than Rs. 35 Lakhs. • The loan should be sanctioned between 1st April 2016 and 31st March 2017. • The benefit of this deduction would be available till the time the repayment of the loan continues. • The deduction would be available from Financial Year 2016-17 onwards.

Notes-Interest on Housing Loan/Income from House Property(Contd.)

Investment	Instructions
Interest on Housing Loan U/s 24(b) & 80EE	<p>Certificate from Financial Institution from where the loan borrowed is required for FY 2016-17.</p> <p>In case loan is in Joint name – needs to fill up “<u>Joint Declaration for availing benefit of House Loan (16-17).doc</u>” as attached.</p> <p>For let out property please fill up “<u>Format for Let out Property.xls</u>” as attached.</p> <p>Incase employee wants to avail both HRA and Housing loan Interest benefit – please fill up “<u>Certificate for taking dual benefit of House Rent and Loan on House Property (16-17).doc</u>” as attached.</p>

